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# A BILL FOR AN ACT

RELATING TO BONDS.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. The purpose of this Act is to restrict the use  
2 of general obligation or revenue bond proceeds to pay for the  
3 unfunded pension or healthcare long-term liabilities incurred  
4 for state employees and retirees, by requiring a two-thirds  
5 majority vote of each house of the legislature to enact  
6 legislation that authorizes the use of bond proceeds for such  
7 purposes.

8           The department of budget and finance prepared the "State of  
9 Hawaii Debt Management Policy" pursuant to Act 149, Session Laws  
10 of Hawaii 2015. The policy lists "[u]nfunded pension or  
11 healthcare long-term liabilities" among the general purposes for  
12 which debt may be issued.

13           However, the legislature finds that utilizing general  
14 obligation or revenue bond proceeds to pay for unfunded pension  
15 or other post-employment benefits liabilities is contrary to  
16 good public policy and responsible long-term fiscal policy.



1           Therefore, while the State has not used bond proceeds to  
2 pay such liabilities, the legislature finds that the authority  
3 to do so in the future should be restricted.

4           SECTION 2. Chapter 39, Hawaii Revised Statutes, is amended  
5 by adding a new section to part VII to be appropriately  
6 designated and to read as follows:

7           "§39-           Restriction on use of bonds for unfunded pension  
8 or other post-employment benefit liabilities. The proceeds of  
9 general obligation or revenue bonds shall not be used to pay for  
10 the unfunded pension or other post-employment benefit  
11 liabilities accrued for state employees and retirees, except by  
12 a bill approved on final reading by a two-thirds majority vote  
13 of the members to which each house of the legislature is  
14 entitled."

15           SECTION 3. New statutory material is underscored.

16           SECTION 4. This Act shall take effect on August 30, 2050.



**Report Title:**

Bonds; Restriction for Pension and OPEB Liabilities

**Description:**

Restricts the use of general obligation or revenue bond proceeds to pay for the unfunded pension or other post-employment benefit liabilities accrued for state employees or retirees, by requiring a two-thirds majority vote of each house of the legislature to enact legislation that authorizes the use of bond proceeds for such purposes. Effective August 30, 2050. (SD1)

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

